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# STATE OF INDIANA

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## **School Property Tax Control Board Meeting Minutes October 19, 2006**

The monthly meeting of the School Property Tax Control Board meeting was held on Thursday, October 19, 2006. The meeting was held in the Indiana Government Center South, Conference Center Room 2, 302 West Washington Street, Indianapolis, IN 46204. Those members in attendance were Joe Bronnert, Roger Umbaugh, Dr. Denise Seger, Chuck Nemeth, Debbie Hineline, Morris Mills, Dave Bowen, Richard Besinger and Teresa Hemmerle, Administrative Officer.

**Minutes and Discussion:** September 21, 2006 and October 5, 2006 meeting minutes.

**Brownsburg Community School Corporation, Hendricks County:** Officials requested approval of a lease rental agreement with maximum annual payments of \$1,490,000 for 23 years. Total project costs are \$18,256,000. The tax rate impact is \$0.0770 with a new facility rate impact of \$0.0250 expected. The common construction wage scale was passed with the Governor's representative abstaining from the vote. There was no application for a petition and remonstrance process.

**Present for the hearing** was Kathy Corbin, Superintendent; Marvin Ward, Business Manager; John Voigt, Director of Facilities; Allen Cradler, Architect; Damian Maggos, City Securities Corporation and Karl Sturbaum, Bose McKinney & Evans.

**Project:** Reagan Elementary School is designed as a K-5 elementary school of 89,000 square feet constructed on a total site area of 19 acres. Building development includes general classrooms (including sufficient classrooms for full-day Kindergarten), art, music, science and special education and "flex" rooms. A gymnasium, stage and cafeteria area is also provided. The building is designed with key utility areas located along one edge of the building, enabling the building to be "mirrored" to create a second elementary that will be supported by the central support services of the initial building. This concept is similar to that of the existing Cardinal and Delaware Trail Elementary Schools already operated by the district, and saves considerable construction and operation funds through shared equipment, construction and utilities.

Site development includes the building pad, hard-surfaced playgrounds, bus staging areas, staff and volunteer parking, service drives, and associated connecting drives. Storm water management systems are expected to include one or more retention ponds. Site development will also include the construction of a new leg of Bulldog Way, a street that will be dedicated to the Town of Brownsburg upon completion, as well as a new intersection between Bulldog Way and East Main Street/U.S. 136. An alternate will be designed and bid to connect the north and

south sections of Bulldog Way with additional roadway to be dedicated to the Town of Brownsburg upon completion.

The current projected construction cost is \$13,275,000. The construction schedule currently begins site construction in February of 2007. Building construction is expected to commence in May of 2007, and all work is scheduled for completion in July of 2008.

**Comments:** The Superintendent spoke about the proposed project. Reagan Elementary School has been brought to this point by a long range task force. One of their recommendations was that a new elementary school is needed in the fall of 2008. They feel this is necessary to keep class sizes at 15 to 26 students, the community does not support the use of portable classrooms, and year round school is not a possibility. The board accepted the task force's recommendation of a new building. Their goals are to reduce costs and involve the community. They looked at most their most recently constructed elementary schools to see where costs could be reduced. Examples of cost savings include shared gymnasiums and cafeterias. This facility will allow for their seventh elementary school to be attached later when needed, with the drawing for that facility already completed and estimated to be built for 2011. They have successfully used this concept with their last two constructed elementary schools. The need for community involvement led to the development of an oversight committee, with members having building expertise to report progress of the project to the community. The entire process has been made transparent by posting project information on the school's website, with TV shows about the project, postcards mailed to everyone in the community, and communications through monthly newsletters. The need for a new elementary school is well known and accepted. There has been no remonstrance filed or comments in opposition to the project. They are now asking for approval for of the new Reagan Elementary School to house grades K-5.

Mr. Bronnert asked them to explain student growth and capacity at the existing facilities. The Superintendent said 2000-2001 was when the last elementary school was built. Enrollment was 4,837 when the last school was built, and has grown to 6,658 today. The projected growth for the next two years will reach the capacity of the existing schools. They will not reach capacity in the new elementary school immediately. Their long term plan includes adding rooms to accommodate full day kindergarten. They hope for a phase-in for full day kindergarten in order to delay the need for additional building projects. Mr. Bronnert asked if this project will cause a need to redistrict. The Superintendent responded yes and they plan to take all of the neighborhoods around the school to maximize walking districts. They will then add in new neighborhoods that have not yet formed a relationship with an existing school.

Mr. Mills asked where this school will be located. The Superintendent said that it will be on the same ground as East Middle School, which is off of State Road 136 on the east side of Brownsburg.

Mr. Besinger asked how tax payers feel about \$192 million in debt plus interest. The Superintendent responded that they are concerned, so they have looked at ways to make it tax neutral and have included the community throughout the process.

Mr. Bowen commented that he would like to recognize the school corporation's success on ISTEP scores. Mr. Bowen then noted that out of the \$13,275,000 for construction costs \$663,000 is contingencies. He asked if the entire \$663,000 is contingencies, and if it is not use will they give it back to the taxpayers. The Business Manager said that they came in for \$5 million for the last project, but they actually ended up spending \$4 million. They will reduce to fit what is needed.

Mr. Mills asked about the school corporation's bond issue that failed a few years ago. The Superintendent said that they had a high school auditorium project that failed in the remonstrance process. Mr. Mills asked about the assessed value growth in the district. The Business Manager said that the average increase is 6.5%. He also noted that trending is another issue this year and the estimate is for a 20% increase in the assessed value. They have abatements in the district that will come on as well.

Mr. Umbaugh asked what is included in the loose equipment amount. The Business Manager responded that they have a list and will submit it to Ms. Hemmerle. They estimate that about half is technology equipment. Mr. Umbaugh questioned that the bond insurance seems high. Mr. Maggos said that the estimate is 40 basis points. The underlying S&P insurance quote is going to be a little higher. Mr. Umbaugh asked if it is correct that they will have no interest during construction. Mr. Maggos said there will be interest and estimated it to be \$400,000 on the \$17 million bond issuing using a conservative rate of 2.5% to 3%. Mr. Umbaugh asked who will prepare the official statement and Mr. Maggos replied City Securities. Mr. Umbaugh asked if they will be using Moody's and officials responded they will not.

Mr. Nemeth asked why the previous project was rejected in remonstrance. The Superintendent said that the project came in at same time as reassessment. The project had an auditorium as well as classroom space, but the community focused on the auditorium. They will be coming back shortly with a high school project which will not include an auditorium.

Mr. Umbaugh asked about an item on page 87 in column 5. Mr. Maggos responded that the item is miscellaneous income. Mr. Umbaugh asked if that would go away and Mr. Maggos said that they had to decrease it already.

Mr. Mills stated that with the \$2 school rate now, he is not sure how the circuit breaker will affect them. The Business Manager said that they are concerned as well, but they feel that assessed valuation growth should help.

Mr. Bronnert asked the architect to explain some numbers, specifically, according to DLGF the baseline about this project is about 12% above the baseline, the construction cost per student is below the baseline, and the loose equipment is higher than the baseline. The Director of Facilities said that a portion of the construction cost includes the cost of a road to access the site. The cost of that portion of the project is \$726,000. Working to back out the cost of the road takes the cost to the DLGF standard. The road is connecting existing elementary schools to the new site of the building by State Road 136. The road is part of a larger master plan to create internal circulation.

Mr. Bowen asked if it will be a private road. Mr. Voigt said the intent is to have it dedicated to the town and so they are building it to town standards.

Mr. Bronnert asked why the square footage is less than normal. The Architect said that they looked at past projects and eliminated space that is not being used without hurting education. They are not building any space that will sit unused while the second school remains un-built. Gym space went down, cafeteria space went up a little, but overall most spaces went down. Mr. Bronnert asked that since technology costs are rising, is it a trend to do away with computer labs and put technology in the classrooms. The Architect said that they will have two computer labs. The debate is that you can get more computers in the classrooms. Wireless speed is not there yet to make it fully functional in the classroom. Computer labs are still necessary for several students to be using computers at once. The Superintendent said that they also have distance learning labs at a facility that are not necessary since it can be handled in regular classrooms. The Business Manager added they are building the core of this facility with both elementary schools in mind.

Mr. Bronnert asked if they considered more expensive, energy efficient equipment. The Director of Facilities said their goal was more efficient equipment, mainly on the heating side, because technology has improved.

Mr. Besinger asked if they considered using combined administration. The Superintendent said that is something they did consider. However, the community has concerns about the size of the elementary schools. The elementary schools have four sections with 1600 students. They looked at other things that could be combined, but did not feel that administration could be combined. The Director of Facilities said when both elementary schools are in operation the capacity will be 1,380. Mr. Besinger asked if they plan to use the same concept with their high school in the future. The Superintendent said that it would not work the same for a high school. Also, they do not have the space. They are looking at small learning communities within the high school rather than building a whole new high school.

**Motion:** Mr. Umbaugh made a motion to approve a lease rental agreement with maximum annual payments of \$1,490,000 for 23 years. Mr. Nemeth seconded the motion, which favorably carried by a vote of 8-0.

**New Facility Appeal:** Officials requested approval of a new facility appeal in the amount of \$79,530. The tax rate impact of the appeal is \$0.0045. The appeal was properly advertised. Officials requested the appeal for an addition of 28,288 square feet scheduled to open in July 2007. The appeal request includes 1.5 custodians, supplies, property insurance and utilities.

**Comments:** The Business Manager said they are adding 28,288 square feet to East Middle School. This is a new facility to help manage growth at the high school. Officials plan to put some freshman at that site. It will be completed on July 1, 2007. They are requesting \$79,530 for the first portion of this appeal.

Mr. Bronnert asked about the number of custodians included in this request. The Business Manager said that there will be 1 ½ at this site.

Mr. Bowen asked how many custodians total. The Director of Facilities said they have 11 ½.

Mr. Mills said there is a good reason for the first half of the year, but not for the second. If the formula works right, the school should be getting funds for overhead costs. The Business Manager said that they only get 75% currently.

**Motion:** Mr. Bowen made a motion to approve a new facility appeal in the amount of \$79,530. Dr. Seger seconded the motion, which favorably carried by a vote of 8-0.

**Adams Central Community School Corporation, Adams County:** Officials requested approval of a general obligation bond issue in the amount of \$955,000. Total project costs are \$1,355,000 with \$400,000 from the Capital Projects fund. The term of the bond issue is ten years. The tax rate impact is \$0.0368 and no new facility appeal planned. The common construction wage information was in order. The issue fell below the threshold for a petition and remonstrance process.

**Present for the hearing** was Mike Pettibone, Superintendent; Dan Michaels, Director of Maintenance; Adam Miller, School Attorney; Tom Acheson, Architect; Todd Samuelson, HJ Umbaugh and Jeff Qualkinbush, Barnes & Thornburg.

**Project:** The Adams Central pool renovation project consists of the total removal of the existing aluminum pool and installation of a new concrete pool with a stainless steel gutter system. The project also includes the complete replacement of all filtration equipment. Upgrade of finishes in the pool room and renovation of the locker rooms is also included. The pool in its present condition is totally unusable and is not available for the current school year.

**Comments:** The Superintendent said that Adams Central is located in Monroe, Indiana, which is a rural farming community of about 1,000 residents. The school building is a K-12 facility where everything is shared. The pool has been available for shared use for thirty years. It is used at night and on weekends for community use and is used by the fire department. It is also used for the school's boys and girls swim teams. The pool currently cannot hold water and the pipes are corroded. The wall in the dressing room has moved due to water that settled under the structure. This project is the removal of the existing aluminum pool as well as renovations to the locker rooms. This project has been included in the Capital Project fund plan for the past three years. Several members of the school board visited Delta High School to explore other options. It has been determined they have no option but to replace the pool. The current pool will not be used for any physical education this school year. Their swim teams will be maintained by transporting the teams to North Adams. This project will assist the school as well as the community. They believe the Adams Central community supports the project because it is needed. They expect the new pool to be ready by June 2007. There has been no remonstrance filed and no one spoke at the public meetings in opposition. They will issue general obligation bonds not to exceed \$955,000 and will finance the remainder of the project with \$400,000 from the Capital Projects fund. They are using a term of ten years to minimize interest cost. The project will have a tax rate impact of \$0.037.

Mr. Mills asked if the new pool will be built in the same location. The Superintendent said yes.

Mr. Besinger stated that he would like commend them for using the Capital Projects fund and noted they also have no pension bonds. The Superintendent said that a school board member with a financial background had the foresight to see the pension problem and they were able to resolve that issue.

Mr. Bowen commented that ISTEP scores have increased, but the number of graduates pursuing college has not changed. He asked if this is a symptom of the area. The Superintendent responded that he appreciates the comment and he sometimes wonders what his job is as Superintendent. He serves on the Economic Development Board and the 4-H Board. They are currently in the process of conducting a four community study. They have three school corporations in the county and they are trying to unite the programs. Adams County is located near Ft Wayne. In 1979, workers earned 105% of national wage. Since the closing of General Electric and other plant closings, wages are now 77% of national wage. They are looking to attract businesses to keep an educated workforce. The cost of education is out of reach now with such low wages.

Mr. Besinger asked what percent of students that pursue college are graduating. The Superintendent said that he does not have this number for his district. The bottom line is how many graduate is more important than how many are pursuing a college education. The average is 30-40% of freshman in college graduate, and only 10% that apply for college ever graduate.

**Motion:** Mr. Besinger made a motion to approve a general obligation bond issue in the amount of \$955,000. Mr. Bowen seconded the motion.

Mr. Bronnert asked who would oversee the project and the Superintendent replied the architect through the extended services contract. Mr. Bronnert asked if there were any long-range plans to for modifications to the K-12<sup>th</sup> grade facility. The Superintendent replied no as they have recently completed an energy management project so the roof and mechanical systems are in good shape.

Mr. Nemeth asked if officials considered borrowing without issuing bonds. The Superintendent said that issue was discussed for two hours. One board member did not want the entire project funded in one year through the Capital Projects fund. Mr. Nemeth clarified his question by asking if a bank loan was considered rather than a bond issue. Mr. Samuelson said that was discussed with the school board and he expects a hybrid of the two since local banks are interested. He said the financing costs are nearly the same either way since a prospectus would not be required on this bond issue due to the interest of the local market.

The motion was called to a vote, which favorably carried by a vote of 8-0.

**Tri-Creek School Corporation, Lake County:** Officials requested approval of a general obligation bond issue in the amount of \$3,000,000. Total project costs are \$3,000,000. The term of the bond issue is three years. The tax rate impact is \$0.07 and no new facility appeal is

planned. The common construction wage information was in order. There was no application for a petition and remonstrance process.

**Present for the hearing** was Alice Neal, Superintendent; Ray Cusic, Assistant Superintendent; Peter Goerges, School Attorney; Jim Elizondo, City Securities Corporation and Karl Sturbaum, Bose McKinney & Evans.

**Project:** There are five portions to the present General Obligation Bond Issue. First, the district is negotiating to acquire approximately 80 acres adjacent to the Lowell town boundary for the eventual construction of a middle school. This ground is one of a small number of large parcels available in the school district with access to utilities and reasonably located in the central part of the district to minimize transportation time for all students.

The second portion is the repair/replacement of roof materials which have failed throughout the district. The roof will be replaced on the shingled Oak Hill Elementary, which opened in 1995. At the time a roofer has been retained, other roofs will be repaired at the Middle School gymnasium, over the administrative offices, at the warehouse, and at the bus barn.

The third part of the project is the repair of bleachers and the track at the football field and construction of a new 175 car parking lot at the high school. These projects were not completed as part of the recent major renovation of the high school, but have become essential with the completion of the project. However, ADA and safety responsibilities make these repairs essential.

The final major portion of the project is the demolition and removal of asbestos from the east and south wings of the building housing the corporation's offices. The administration moved into the old Oak Hill Elementary School building in 1998 and occupies the north end. The balance of the building had been used for classrooms while renovation projects were ongoing, as students could be educated in this facility while their building was being repaired. The district has renovated all of its buildings that it intends to and the space has deteriorated. With no use in sight, significant expense to renovate, and ongoing utility and insurance expenses to be minimized, demolition of the unused portion is appropriate. Asbestos, mainly in floor tiles, will be abated at the same time.

Finally, approximately \$80,000 will be used to dig new wells at Lake Prairie Elementary School and transport the water to the building. Health requirements force the district to dig the wells away from the building and from each other.

**Comments:** The School Board President said that they are asking for a \$3 million general obligation bond for a two part project including repairs and a land purchase. They have not been able to find alternative ways to finance this project. The press has informed the public about the project and there has been no remonstrance filed.

The Superintendent continued the discussion. The Superintendent said that this project will include roof repairs on several buildings, and will include asbestos removal. They will demolish unused space around administration building. They will repair the high school track due to

cracking and improve their bleachers due to safety issues. This project also includes the purchase of land for a new middle school. The current middle school contains a section which was built in 1914. The middle school is near capacity and at the end of its useful life. The middle school replacement is the last piece of a master plan which was started twenty years ago. They have been working with a realtor and attempts at a land purchase have been going on for two years. Eighty acres of land became available, but an offer at the required appraisal price was refused. The owners made counter-offer at higher price in September. Officials discovered hazardous materials on a site near the one they were intending to purchase. Three weeks ago a firm with intentions of building a landfill purchased the land adjacent to the intended school site. The School Board gave them authority to research other land. They have found two other possible tracts at are waiting on appraisals. Officials ask for full approval with the stipulation that they will not bond for the full amount until they have a signed purchase agreement for the land purchase. It will help when going to a land owner to know that they have the financing in place. The Assistant Superintendent said officials told taxpayers at 1028 hearing that the tax rate impact would be \$0.07. If the issue is reduced by \$1.2 million, that rate impact would be reduced. Officials submitted a revised amortization schedule. The common construction wage meeting was held yesterday.

Mr. Besinger asked if they considered using the Capital Projects fund for the land purchase. The Assistant Superintendent said that was a consideration, but they thought this was a more prudent option. Mr. Besinger asked them how they use their Capital Projects fund. The Assistant Superintendent said that nearly every penny is used because their fixed costs are growing and they only bring in \$1.9 million currently. Mr. Besinger asked if the Capital Projects fund is used for projects or salaries. The Assistant Superintendent said it is used for projects. Mr. Besinger asked if they are utilizing the Capital Projects fund for pension neutrality. The Assistant Superintendent said yes.

Mr. Mills asked about the land contingency that is being requested. The Superintendent said that the land that was ready to go today is not possible. The land that is now being considered has not been appraised yet, but the owners are willing to sell. They are hoping to move forward with this as soon as possible due to building needs.

Mr. Bowen asked what if the price of the new land comes in higher than the budget. Officials explained the amortization schedule that was submitted to control board members was just for construction. The Assistant Superintendent said if the price comes in at over \$1.2 million, they will go back to their Capital Projects fund to cover the balance.

Mr. Besinger said he is concerned that their severance debt is offset with the Capital Projects fund and officials come back with another way to raise the tax rate. He said that was not the intent of the Legislature. The control board cannot be successful in keeping the tax rate down in this type of situation. The Assistant Superintendent said this is a lean school corporation. He said officials are sensitive to the taxpayers in the district and the community is supportive of this project.

Mr. Bowen asked about the administration building. He asked if the correct cost of the demolition is \$500,000. Mr. Georges said that the administration building is an old elementary



school and preschool and rather than abandon it they did a slight remodel. A portion of the old school has sunk, and part of that area needs to be razed. The Assistant Superintendent said the cost also includes asbestos removal.

Mr. Bowen asked if the roof would be reshingled. The Assistant Superintendent said the building was constructed in 1995 with a pitched roof and they are now noticing shingle failures. They will be receiving a \$45,000 rebate from the manufacturer. Mr. Bowen asked why the cost for the new roof is \$8 a square foot. The Assistant Superintendent said that he cannot explain this cost. Mr. Bowen asked about the estimate for the project. The Assistant Superintendent said that the initial estimates came in very high, but that number has come down as they have talked with more professionals.

Mr. Umbaugh commented that he likes the idea of a contingent approval as a cost saving matter rather than officials coming back for a second approval for the land.

Mr. Mills said he feels officials should purchase land when it becomes available in some communities.

**Motion:** Mr. Umbaugh made a motion to approve a general obligation bond issue in a total amount of \$3,000,000 with a Series A and Series B, with the Series B subject to a signed land contract with a bond term of three years. Mr. Mills seconded the motion, which carried by a vote of 7-1. Mr. Besinger cast the dissenting vote.

**Penn-Harris-Madison School Corporation, St. Joseph County:** Officials requested approval of a general obligation bond issue in the amount of \$1,850,000. Total project costs are \$1,850,000. The term of the bond issue is 2 years. The tax rate impact is \$0.0339 and no new facility appeal planned. The common construction wage scale was passed with the Governor's representative abstaining from the vote. The issue fell below the threshold for a petition and remonstrance process.

**Present for the hearing** was Dr. Jerry Thacker, Superintendent; Dr. Denise Seger, Associate Superintendent; Todd Samuelson, HJ Umbaugh and Jane Herndon, Ice Miller.

**Project:** Project Objective:

The Penn High School Infrastructure Upgrade 05-06 Project shall improve instructional and administrative applications employing voice, video and data through the installation of a new robust electronics infrastructure. The infrastructure shall be designed to accommodate Ethernet star configured networks, wireless access points, digital video origination and distribution, and Voice over Internet Protocol (VoIP) telephony applications. The design shall have a life expectancy of 10 years minimum and shall be compliant with all known developing technologies relevant to advanced instructional environments.

## History:

The current infrastructure supporting voice, video and data applications at Penn High School of the Penn-Harris-Madison School Corporation was originally installed in the early 1990's and subsequently added to in different phases.

The basis of design was a Dynacom video retrieval system. The system employs 2-pair (4-strands) multi-mode fiber optic cable to deliver video to each classroom. One pair is dedicated to the video delivery system and the second pair is considered spare. An extensive head-end comprised of multiple video devices originates all video content for play in classrooms.

Teachers request specific media to be loaded in advance of their class. Control of delivery within each class is via an infra-red control and telephone connection to the head-end. Display is provided through 27" wall/ceiling mounted television receivers.

The Dynacom/Media Retrieval concept was considered state-of-the-art in 1992. The concept depends upon advance teacher planning and significant familiarity with media switching to accomplish the smooth delivery of multiple types of media in a class session. Secondly, the system was promoted to deliver extremely high quality video via fiber-optic cable. The delivery typically did not match the promotion due to the fact that the video was analog at the origination point and remained analog during the conversion from electronic to light transmission for conductance via the fiber optic cable. Upon arriving at the destination, the video is converted again, this time from light to electronic. A significant cost was associated with the fiber optic equipment.

Penn High School uses the second pair of fiber optic cable to each room to connect non-managed 10/100 mb switches located in each classroom. The Onan cabinet is wall mounted and contains the non-managed switches Onan no longer manufactures this product.

LAN servers are located in the technology room (head-end) with localized servers also located in the Tech 2000 lab and the Programming Lab.

Telephone service is through traditional copper distribution into office areas.

As technologies have developed, the original system has become obsolete. Instructional delivery methodologies have evolved to the point that most teachers desire more control over content delivery and that the control be located within their own classroom.

The cost of video source devices has declined and a greater variety of such devices are available for use. Display technologies have evolved from analog 27" television to wide-screen and HDTV projection systems. Students benefit greatly by being able to see a 6'x8' image (100" diagonal). Video projectors have decreased in size and cost. Document cameras (visualizers) have increased in quality and decreased in cost as well.

The requirements for EIA/TIA 568B horizontal structured cabling requires no single 4-pair copper to exceed 90m in length from the server through the patch panel, distribution cable,

station port, station cable to the computer. This 90m requirement leads to the need to establish localized rooms containing equipment frames, patch panels, and managed edge switches.

In as much as the Dynacom Media Retrieval system had only one (1) point of origination and did not require satellite closets, the building is not configured for these additional telecommunication rooms (TR).

**Comments:** The Superintendent said the \$1.85 million general obligation bond issue is for Penn High School only. The facility is in good shape except the infrastructure is outdated. They were named an exemplary school system. This project will improve instructional programs and improve student achievement. Their priority is to update wiring. This will support web based instruction as required by Core 40. The community supports the request and school board voted unanimously to approve the project. The outstanding debt in the district is decreasing.

The Associate Superintendent continued the discussion. She said 86% of Capital Projects fund is used for ongoing costs. Officials looked at using their Capital Projects fund, but it was not possible. The \$1.4 million for wiring costs were too high alone to put into their Capital Projects fund plan without risking security costs. They use their CPF for the ongoing purchase of new computers, which is not included in this project. A common school loan is no to be received since the state ran out of funds.

Mr. Mills asked them if they have other debt. The Associate Superintendent said they have pension debt.

Mr. Besinger questioned what the other debt is if \$10 million is the pension bonds and asked if the total severance/pension bonds are \$17 million. Mr. Umbaugh said they were the first corporation before the special legislation to obtain pension debt. He said that debt may have been described differently. The Associate Superintendent said \$10 million is for projects at the two middle schools.

Mr. Umbaugh asked if that debt is a lease or a general obligation bond and the Associate Superintendent said a lease. Mr. Samuelson said he will clarify what type of debt with Ms. Hemmerle.

Mr. Besinger asked what percent of Capital Projects fund is for severance neutrality and the Associate Superintendent replied none, it comes out of the Bus Replacement fund.

Mr. Bronnert asked if utility costs are paid out of the Capital Projects fund. The Associate Superintendent responded yes and is \$1.4 million in the 2006 budget and increases to \$1.8 million in 2007. The costs have gone up, but they are trying to keep the tax rate level. It is difficult to do more with the Capital Projects fund and there is more opportunity with a higher assessed value.

Mr. Bowen asked about the procedure for purchasing on this project. The Associate Superintendent said they worked with a firm to prepare and have a list of equipment. Mr. Bowen asked if they will bid the whole system. The Associate Superintendent said yes, they will bid the

whole system. They are hopeful to start some construction before spring break because they have a busy summer school schedule so the school is rarely vacant.

Mr. Mills asked what the technology cost per student is at the high school. The Associate Superintendent said due to the age of their equipment she cannot give a realistic number. They are not the standard currently because of the age of the equipment, which is part of the reason they need to upgrade their system.

**Motion:** Mr. Bowen made a motion to approve a general obligation bond issue in the amount of \$1,850,000. Mr. Umbaugh seconded the motion, which carried by a vote of 6-0-1. Mr. Besinger abstained from the vote.

**MSD of Washington Township, Marion County:** Officials requested approval of a general obligation bond issue in the amount of \$2,000,000. Total project costs are \$2,000,000. The term of the bond is two years. The tax rate impact is 0.019. The common construction wage did not apply to this project. The issue fell below the threshold for a petition and remonstrance process.

**Present for the hearing** was Dr. James Mervilde, Superintendent; Amanda Brackett, Supervisor of Business Services; Lonnie Therber, Therber & Brock and Thomas Peterson, Ice Miller.

**Project:** The project is the purchase of equipment for all schools in the corporation. The school corporation has a history of issuing general obligation bonds for this purpose every two years.

**Comments:** The Superintendent spoke regarding their request for a \$2 million general obligation bond issue. They have a long history of using general obligation bonds to purchase instructional equipment for the district. Officials went through a cost breakdown provided to control board members. The principals and business office personnel are in the process of developing a spending plan. The 1028 hearing was held and they have submitted all documentation.

Mr. Mills asked why they do not just raise their Capital Projects fund to pay for this project, rather than issue bonds every other year, because their current tax rate is low. The Superintendent said they passed a referendum about three years ago with \$0.10 going to support General fund costs. The referendum helps the General fund, but it limits what they can do in the Capital Projects fund. If the referendum is not passed in 2010, then officials could include some costs in their Capital Projects fund.

Mr. Bronnert asked that they submit more information on what is included in loose equipment to the DLGF. The Superintendent said they can provide further information. They could provide the 2004 bond issue list, which would be similar.

Mr. Nemeth asked why the project has a cost of \$2 million even. The Superintendent said they have a long history of involvement in the community. They are sensitive to tax increases and want to be responsible. Mr. Nemeth asked if it was not discussed to keep this issue from the petition and remonstrance process. The Superintendent said the school board has not discussed that scenario. Mr. Nemeth asked about their free lunch and free textbook programs. Mr. Peterson said that prior to the remonstrance they had discussions. Continuing that program was

in the levy. It was not officially a part of the preliminary determination, but it was discussed. The Superintendent said the debt load was discussed and a slide from the 1028 hearing shows level debt. Mr. Nemeth asked what has caused free lunch and text to go up since 2001 and is now above the state average. The Superintendent said academic achievement is affected by the poverty in the area. They have experienced an increase in Hispanics and are now a majority minority school corporation. Across Marion County you will find the level of poverty increasing. Mr. Nemeth said that school corporations are required to verify 3% of the applications for these programs. He suggested increasing that number to see if some are not actually qualified.

Dr. Seger asked how the \$100,000 contingency will be used. The Superintendent said they expect that there will be shifts in terms of technology, and they also had meeting to discuss full day kindergarten. The Board requires that they are good stewards with the money, but they are using the money to anticipate changes after the election.

Mr. Mills asked what the current enrollment is in the district. The Superintendent said that it is a little over 10,000. It has been relatively stable, and they expect little growth.

Mr. Bronnert asked about the increase in English as a second language program. The Superintendent said they are stretching as far as they can and have received grants to help with that program. They also have a Hispanic preschool currently in operation.

**Motion:** Dr. Seger made a motion to approve a general obligation bond issue in the amount \$2,000,000 and a bond term of two years. Mr. Nemeth seconded the motion, which favorably carried by a vote of 7-0-1. Ms. Hineline abstained from the vote since she resides in the school district.

**Concord Community Schools, Elkhart County:** Officials requested approval of a general obligation bond issue in the amount of \$1,900,000. Total project costs are \$1,960,000 with \$60,000 from the Capital Projects fund. The term of the bond issue is 2 years. The tax rate impact is \$0.0331 and no new facility appeal planned. The common construction wage was passed with the Governor's representative abstaining from the vote. The issue fell below the threshold for a petition and remonstrance process.

**Present for the hearing** was George Dyer, Superintendent; Larry Jackowiak, Assistant Superintendent for Business; Larry Mast, School Board President; Randy Myers, School Board member; Randy Hesser and Dean Leazenby, School Attorney; Kari Vilamaa and Brian Bohlender, Architect; Todd Samuelson, HJ Umbaugh and Thomas Peterson, Ice Miller.

**Project:** The project entitled "Current Facilities" includes three major components including land purchase, roof replacement, and parking expansion. The land purchase totals 50 acres priced at \$12,000 per acre for a total of \$600,000. Land is needed to expand the amount of instructional space to accommodate an increasing number of students across the district. Current facilities cannot accommodate the projected enrollment growth. An estimated \$565,000 is needed to replace a major section of roofing at Ox Bow Elementary School. This particular section of roof was last replaced in 1987. An estimated \$654,000 is needed to add additional

parking and improve traffic flow routes at the high school. Current inadequate parking and poor traffic flow is creating significant traffic congestion and safety concerns. Some demolition on recently purchased properties is necessary and included in the parking estimate. Also included are costs for site lighting, striping and fencing.

**Comments:** The Superintendent said that they are requesting bonds for just under \$2 million to meet needs in the school district. Their project has three major components. First, the Ox Bow Elementary School roof needs to be replaced. It is expected to cost \$565,000 for that section of roof, which is a major portion of the building. Second, additional parking and improved traffic flow at the high school is needed. The demolition of recently purchased property is included in the parking cost estimate of \$635,000. The last part of the project is for the purchase of land for a future building. They are purchasing fifty acres for \$12,000 per acre for a total cost of \$600,000. The land is needed to expand instructional space because enrollment continues to increase. Their current facility cannot handle the growth that is occurring at the present time. They have held ten community meetings to discuss this project. Invitations to these meetings were sent to all taxpayers in the school district via post cards. There were just over 700 people that attended the ten meetings and the patrons were helpful and offered support.

Mr. Bronnert asked who will oversee the project. The Superintendent said the Director of Facilities will be on site along with the architect. Mr. Bronnert asked if the absent school board member supports the project. The Superintendent said yes, he was at most of the ten public meetings and supported the project.

Mr. Nemeth asked if free and reduced lunch program is a similar situation to MSD of Washington Township and school officials replied yes.

Mr. Umbaugh asked if the reason for a two year bond issue is due to a long term capital plan. Mr. Samuelson said this project was presented in the context of what else is needed in the school corporation. The goal of the school board and corporation is to structure to reduce interest and to not exceed the Debt Service fund tax rate in 2005, which was \$0.50. The \$0.50 tax rate does not take into account trending, so the tax rate will actually be lower. Officials are also looking at the effect of the circuit breaker scheduled to come into effect in 2009 pay 2010, so keeping short term as the effect of circuit breaker is yet to be seen. Mr. Umbaugh asked about expectations for a future facility. The Superintendent said that officials will come back in February of 2007 and hope to break ground in March of 2008 on the land purchased with this issue. A demographic study shows that they will experience growth and need the additional space.

Mr. Mills asked what officials would be proposing to build and the cost. The Superintendent said they currently have 4 elementary schools that are K-6, a middle school that is 7th-8th, and a high school that is grades 9-12. They are looking at the four elementary schools becoming K-4, convert the current middle school to a 5-6 intermediate school and build a new junior high school. Mr. Mills asked about the cost for this proposed future project. The Superintendent said the elementary school is a little over \$4 million, an intermediate school is \$8-\$9 million and a new junior high school is approximately \$37 million. Mr. Mills asked if the next proposed project would cost \$50 million and the Superintendent replied in the upper \$50 to \$60 million range.

Mr. Besinger asked if officials have considered using more Capital Project fund money for this type of project. The Business Manager said that they do use Capital Project fund for similar but less extensive projects. They have purchased land from the Capital Projects fund, but the scope of these three projects makes it very difficult. The technology costs are a major component of Capital Projects fund budget. Mr. Besinger asked if the Capital Projects fund is used for salaries and the Business Manager said some technology support staff are paid out of the Capital Projects fund. A significant portion of Capital Projects fund is used for technology equipment and maintenance.

**Motion:** Mr. Umbaugh made a motion to approve a general obligation bond issue in the amount of \$1,960,000 for a term of two years. Dr. Seger seconded the motion, which favorably carried by a vote of 8-0.

**Union-North United School Corporation, Marshall/St. Joseph County:** Officials requested approval of a general obligation bond issue in the amount of \$905,000. Total project costs are \$947,075 with \$42,075 from the Capital Projects fund. The term of the bond issue is 1 year. The tax rate impact is \$0.2793 with no new facility appeal planned. The common construction wage scale was passed with the Governor's representative abstaining from the vote. The issue fell below the threshold for a petition and remonstrance process.

**Present for the hearing** was Larry Phillips, Superintendent; Todd Samuelson, HJ Umbaugh and Thomas Peterson, Ice Miller.

**Project:** The Union-North United School Corporation currently has one elementary building (K-6), and one Jr./Sr. High School (grades 7-12). The Elementary Building was built in 1984, and is in very good condition, but has outgrown its present capacity. The School Corporation currently utilizes four modular classrooms that house the entire 6<sup>th</sup> grade student population. The modular units were purchased and installed in 1999, as temporary classrooms. In addition, one computer lab is currently located in a storage room. Current elementary enrollment (2005-2006) has increased by 31 students over last year's enrollments.

The Jr./Sr. High School Building was built in 1964, and has had one addition in 1983, and is in good condition. Two modular units are currently used to house three special education programs. While both modular units are ramped, there is no enclosed connection between the High School and the temporary units.

In addition to the current space requirements at both facilities, there are four planned residential developments (512 homes) which are estimated to house 150-200 school-aged children in the near future. To address the overcrowding and projected growth in enrollment, the School Corporation has planned a three-phase solution to upgrade and provide adequate academic space and learning environment for the students. The first phase was the issuance of General Obligation Bonds in 2005, and address technology needs at the High School and roofing repairs at the Elementary School.

The proposed second phase, which is presented under the current request, will address the current needs at the Jr. High School facilities, and will focus on needed repairs, improvements, and other equipment upgrades that cannot be currently funded through the Capital Projects fund maximum levy. Phase III will be the construction of a new Middle School by 2008-2009, and provide the relief from overcrowding at the Elementary and High School facilities. Through utilization of the two short-term bond issues, the Corporation will attempt to accumulate Capital Project monies to fund equipment and technology needs at the new proposed facility.

Listed below is the detailed list of planned improvements and upgrades (Phase II):

HVAC system	\$590,675
Security systems	71,000
New well/filters/pump	23,500
Generator	84,500
General renovations/upgrades	47,400
Upgrade restroom facilities	95,000
Contingency	<u>6,500</u>
Total	\$918,575

**Comments:** The Superintendent spoke about the project. He said that the school district is located in St. Joseph and Marshall Counties just south of South Bend. They are requesting a one year bond issue in the amount of \$905,000 to be used entirely for making improvements at the junior/senior high school, which is a 7-12 building. A highway divides the school district and the two school buildings are located on either side of this road and each are located in different counties. Both schools are emergency preparedness centers for each county. A new high school was knocked down by tornado as it was being constructed. There have been no improvements made to the existing high school since it was built in 1965. The HVAC is a two boiler system that is inefficient and needs a lot of work. Improvements will help them save on fuel costs in the future. A new well is included in this project. They currently have a well are connected to the local sewer system. The current well went down last year and they had to close the school so they need to have a secondary well for emergency purposes. Security is also an issue to address with this project. A new generator will allow the facility to be self sufficient in case of an emergency. They lose electricity only four times per year, but they would like to prevent it. Upgrades are needed to the restrooms which are currently ADA accessible. The school district is growing and is expected to become a bedroom community of South Bend. They picked up forty students last year due to lower grade class sizes being larger than the senior class. Their largest kindergarten in the past few years was this year. They cannot fund this project through the Capital Projects fund due to the current tax rate limit. Their Capital Projects fund is reduced due to the pension debt that is currently outstanding. The Superintendent likes that schools can come together and pool on liability/casualty insurance and appreciates the legislature allowing it. Officials are trying to upgrade their agricultural and vocational equipment. They will supplement this project with the Capital Projects fund, specifically about \$400,000 on the generator. This project will bring the junior/senior high school to where it needs to be. They will pay the remaining balance on outstanding general obligation bonds this year. There has been unanimous support from the school board and the community since February.



Mr. Mills asked what they are looking at down the road for growth. The Superintendent said that right now the elementary school is a K-6 building with the entire sixth grade out in modular trailers. They will need five more classrooms just for full day kindergarten. They have looked at a new school or addition, but they are not sure what they are going to do about it. They are experiencing growth currently. A housing division of 512 homes was annexed in Lakeville.

Mr. Umbaugh asked if they have the land for a new school. The Superintendent said that they have about 85 acres and an option on some land to the west.

Mr. Besinger made the comment that the school corporation is doing a good job on controlling debt. He was recently in the school and would like to commend officials on how well they maintain such an old facility.

Mr. Bowen asked if this is a guaranteed energy savings project. The Superintendent said that it is not, but it will result in savings. Mr. Bowen asked how they will present to the State for approval. The Superintendent said they will hire an architect or engineer to prepare an estimate.

**Motion:** Mr. Besinger made a motion to approve a general obligation bond issue in the amount of \$905,000 with a term of one year. Ms. Hineline seconded the motion, which favorably carried 8-0.

**West Clark Community School Corporation, Clark County:** Officials requested approval of a transportation appeal in the amount of \$70,000. The tax rate impact of the appeal is \$0.01. The appeal was properly advertised. Officials requested the appeal due to increases in fuel costs and an increase in the number of regular and special education students transported/miles traveled. There were three bus drivers and a Transportation Director added in 2006. The number of bus routes has increased from 56 in 2001-2002 to 65 in 2006-2007.

**Present for the hearing** was Terry Smith, Superintendent and Mac Dyer, Assistant Superintendent.

**Comments:** The Superintendent said they are requesting an additional \$70,000 for the transportation fund. Officials have appealed before and they are still behind. It is a fairly rapidly growing school corporation, increasing approximately 150 students per year. They did a building project several years ago and will need to do another soon. Their Assistant Superintendent doubled as the transportation manager, but that is no longer working so they have added a transportation manager that only makes \$32,000 a year. All November and December expenses will have to be paid out of the General fund. The increase in fuel costs is only part of the reason they need the appeal. They have an escalation clause in the bus driver contracts, so costs change only if they experience an increase or decrease of at least \$0.10. The contractors ate some of the costs second semester of last year. They will have to pay the higher rate through the rest of the semester because they have a contract, but the new contract rate will begin in January. The cost of additional drivers and salary are approximately \$96,000.

Mr. Bronnert asked if they use contract drivers. The Superintendent said that half are employees and half contracted drivers. Officials have analyzed which is cheaper, and found that both

options cost about the same. It might be cheaper in districts where contractors submit low bids to have contracted routes. Mr. Bronnert asked if officials are expanding the routes covered by school corporation drivers. The Superintendent said that they have not decided, but some of the contracts are about to expire so that might be considered.

Mr. Besinger asked if they contract for fuel. The Superintendent said they have a 3,000 gallon gas tank and a 5,000 gallon diesel tank. The new emissions standards may mean they have to convert either the pumping system and/or tanks to meet those new standards. He noted buses under old standards are much cheaper than the new buses.

Mr. Mills asked if they are moving away from gas. The Superintendent said that they switched their gas and diesel tanks. All large busses are diesel, and their smaller busses and activity busses are gasoline. Mr. Mills noted the Commissioner of DLGF will set a price for fuel and should apply it.

Mr. Umbaugh asked if new contract is based upon \$2.69 locked in for the entire semester. The Superintendent said yes, but hopefully they will be able to get lower price in January. The Superintendent likes the escalation clause limiting the fuel cost changes to anything over \$0.10.

**Motion:** Mr. Bowen made a motion to approve a transportation appeal in the amount of \$70,000. Ms. Hine line seconded the motion, which favorably carried by a vote of 8-0.

**Plainfield Community School Corporation, Hendricks County:** Officials requested approval of a transportation appeal in the amount of \$333,000. The tax rate impact of the appeal is \$0.0261. The appeal was properly advertised. Officials requested approval for the appeal due to increases in fuel costs and the number of regular and special education students transported/miles traveled. There have been two drivers and two aides added since 2003-2004. The number of bus routes has increased from 30 in 2001-2002 to 34 in 2005-2006.

**Present for the hearing** was Jud Wolfe, Assistant Superintendent.

**Comments:** The Assistant Superintendent said they need additional help with their transportation fund. They are requesting \$333,000. They are a growing school corporation and increased by 115 students this year. They are experiencing transportation fund pressure because they have to hire two new drivers every fall. They also had to hire a second mechanic to help service 44-45 busses. The instability of fuel prices is also a concern. They budgeted \$100,000 for fuel in 2006, but they expect to spend \$190,000.

Mr. Besinger asked if they have added routes since the numbers on the form do not reflect that scenario. The Assistant Superintendent said that in 2003-04 they added one route. In 2004-05 to 2005-06 they wanted to add routes, but could not so they switched some routes to better utilize 88 passenger buses. They now only purchase 88 passenger busses.

Mr. Bronnert asked if they can turn the 88 passenger busses in cul-de-sacs. The Assistant Superintendent said that the Town of Plainfield has done a good job of planning the neighborhoods with wide roads, but they can have some trouble in older neighborhoods. Mr.

Bronnert asked if of the \$333,000 they are requesting \$97,000 is due to fuel. The Assistant Superintendent said the \$333,000 covers the salary for two new drivers this year and probably two new drivers next fall. Mr. Bronnert recommended the Commissioner of the DLGF standardize fuel costs. The Assistant Superintendent said they are working with other school districts to pool for their natural gas and will pool for gasoline next.

Mr. Mills asked what taxes they have to pay on fuel. The Assistant Superintendent said he thinks they pay Federal Excise Tax on fuel.

Mr. Besinger questioned if adding two drivers and mechanic increased costs by \$230,000. The Assistant Superintendent said the cost of a driver right now is \$26,000 including insurance costs. They are holding off on hiring new drivers until the outcome of this meeting. Mr. Besinger asked for a more detailed breakdown of drivers and the mechanic so he can see the expenses. The Assistant Superintendent said he could provide that to Ms. Hemmerle. The East side of the community is experiencing commercial growth, but this can be bad because they need to be competitive with their drivers by providing higher wages.

**Motion:** Ms. Hineline made a motion to approve a transportation appeal in the amount of \$333,000. Mr. Mills requested making that subject to the fuel adjustment by the Commissioner of the DLGF. Mr. Besinger requested also making it subject to information being sent on the salary costs of new employees. The amended motion was called to a vote and favorably carried 8-0.

**Center Grove Community School Corporation, Johnson County:** Officials requested approval of a new facility appeal in the amount of \$310,105 and a transportation appeal in the amount of \$525,000. The appeals were properly advertised.

**Present for the hearing** was Paul Gabriel, Chief Financial Officer and Bob Channell, Treasurer.

**New Facility Appeal:** The tax rate impact of the appeal is \$0.0132. Officials requested the appeal for Maple Grove Elementary School, which is a 109,500 square foot facility that opened in July 2006. The request includes two custodians, one maintenance position, a groundskeeper, utilities and supplies.

**Comments:** The Chief Financial Officer said that three board members signed the petition to appeal. One board member had a family emergency and could not sign. The other member was not present, but he was listening by phone. Both absent board members support the appeal. This appeal is for a new elementary school in the southern part of the district where enrollment is growing rapidly. This facility catches them up to the enrollment at the elementary school level. This facility replaced the former Maple Grove Elementary School, which is now being used for storage. The custodial costs have been removed for the old facility, but the other operating costs still remain. If legislation supports full day kindergarten they will be back in that building next year.

Mr. Bronnert asked how many custodial, maintenance, and groundskeepers the school corporation has currently. The Chief Financial Officer responded that they have 63 custodians,

10 maintenance, and 4 full time groundskeepers. Mr. Bronnert said that if they pay \$56,000 per person to have them on hand it would be over \$4 million for all of these positions. He asked if they have they considered contracting for any of these services. The Chief Financial Officer said they have not looked at contracting recently, but about \$20,000 is fringe benefits and \$35,000 is salary.

Mr. Besinger asked why they built a new building when the old building could still be used. The Chief Financial Officer said it is not well suited for education. The old school is about half the square footage of the new building. The old school building is not located where the growth is taking place in the district. It was built in the 1950's and has problems with mold. It does not meet the long term needs of the district and would only be used out of necessity. It would require improvements to make it useable for permanent student instruction.

Mr. Mills asked if this appeal is for the full year and the Chief Financial Officer replied yes. Mr. Mills asked if nothing was appealed last year and the Chief Financial Officer replied no. The Treasurer said they could possibly expand the high school and take over the former Maple Grove Elementary School space.

Mr. Bronnert commented that this appeal meets the letter of the law, but spending a lot for custodial and other expenses.

**Motion:** Mr. Nemeth made a motion to approve a new facility appeal in the amount of \$310,105. Ms. Hineline seconded the motion, which carried by a vote of 5-3. Mr. Mills, Mr. Bronnert and Mr. Besinger cast the dissenting votes.

**Transportation Appeal:** The tax rate impact of the appeal is approximately \$0.022. Officials requested two transportation appeals. The amount of the appeal comparing 2005 to 2006 is \$200,000 and the appeal comparing 2006 to 2007 is \$325,000. There have been 10 bus drivers and a monitor added since 2003-2004. The number of bus routes has increased from 49 in 2002-2003 to 61 in 2005-2006.

**Comments:** The Chief Financial Officer said that they are submitting a transportation appeal for 2005-06. They implemented new software to manage routes enabling them to reduce the number of drivers, all of which are their own employees. They did not file in a timely fashion last year so they are bringing it back now.

Mr. Nemeth asked how far back the DLGF allows. Ms. Hemmerle responded that the DLGF has typically allowed two to three years. Mr. Nemeth commented that they are only showing an increase in fuel. He does not feel that they qualify due to lacking the required 10% budget increase. Officials report no change in students, miles traveled or special education. He said \$36,000 is not a 10% increase. The Chief Financial Officer noted salary changes. Mr. Nemeth said pay raises would not qualify in his opinion. The fuel increase alone would not drive them up over the 10% budget increase threshold.

**Motion:** Mr. Mills made a motion for officials to resubmit the appeal paperwork to confirm the school qualifies for both appeals to meet DLGF guidelines. Mr. Bowen seconded the motion, which carried by a vote of 8-0.

**Union Township School Corporation, Porter County:** Officials requested approval of a transportation appeal in the amount of \$90,000. The tax rate impact of the appeal is \$0.0192. The appeal was properly advertised. Officials requested the appeal due to an increase in fuel costs. A portion of the Assistant Superintendent's salary (50%) is paid from the Transportation fund. There has been no increase in the number of bus routes since 1999-2000.

**Present for the hearing** was John Hunter, Superintendent; Pam Buksar, Business Manager and Tom Grabill, Educational Services Company.

**Comments:** The Superintendent said the school district is located just west of Valparaiso. They are requesting a \$90,000 transportation appeal. They are a growing school corporation experiencing steady increases in enrollment. There are three new subdivisions that are beginning to develop. They have been utilizing their available cash balance to fund the transportation budget. Officials budgeted \$60,000 in 2006 for fuel costs and are currently in the red. Due to growth in the community, they are in need of adding an additional bus route. They cut a regular route a few years ago and transferred it to a special education route. This is causing problems because high school and middle school dismissals are too close together. The elementary students have to wait for their bus to arrive at the end of the day. They have added an Assistant Superintendent position which is paid partially from the transportation fund. They have experienced increased costs in the maintenance for older busses.

Mr. Besinger asked how many students they increased transporting in 2006-07. The Superintendent said they currently estimate 45 additional students, but they do not know the impact of the three new subdivisions. Mr. Besinger asked how many more miles is it for the 45 students. The Superintendent said they do not know. Mr. Besinger asked the Superintendent to send that information to Ms. Hemmerle.

Mr. Nemeth asked if between the fuel costs and increase in miles are they above the 10%. The Superintendent said yes. The reason for difficulties is the outlying areas and if certain kids ride the bus on certain days. One student causes a four mile difference to the distance on one route. Mr. Nemeth asked why the Assistant Superintendent was added to the transportation fund budget. The Superintendent said they are picking up some of the duties for transportation such as calling, route supervision, and approving field trips. Mr. Nemeth asked if the Assistant Superintendent was not added due to student growth if it should be removed from the calculation. Mr. Nemeth asked if they would still be over the required 10% increase without the Assistant Superintendent position. The Superintendent said yes, because of increases in maintenance and new routes. Mr. Nemeth asked if they would still be over the 10% with only the new route. The Superintendent said he still feels they meet the 10% requirement.

Mr. Mills asked about the decrease in the assessed value of the district. The Superintendent said it is due to farm land and inventory reductions. They do not know the impact of trending. Mr. Mills asked if the Assistant Superintendent is a new position and the Superintendent replied yes.

Dr. Seger asked if the Assistant Superintendent has other duties. The Superintendent said they are also responsible for curriculum. Dr. Seger asked if the Assistant Superintendent is responsible for 50% on transportation and the Superintendent replied yes.

Mr. Nemeth commented that if the information can be provided he would hate to have officials come back to have it reviewed again.

Mr. Bronnert voiced his concern over the fuel cost estimate.

**Motion:** Mr. Nemeth made a motion to resubmit the information for consideration at the November 2, 2006 meeting and not requiring the attendance of school officials. Ms. Hinline seconded the motion, which carried by a vote of 8-0.

Mr. Grabill said the cost of fuel is not the real issue. Officials have already spent the budget on fuel with three months remaining in the year. The problem is more related to where they started.

**Monroe Central School Corporation, Randolph County:** Officials requested approval of a transportation appeal in the amount of \$443,000. The tax rate impact of the appeal is \$0.30. The appeal was advertised properly, but in the amount of \$150,000. Officials requested the appeal due to an increase in fuel costs and the number of special education students transported/miles traveled. There were three special purpose drivers added in 2005-2006. The number of bus routes has decreased by one since 2000-2001.

**Present for the hearing** was Zach Rozelle, Superintendent and Melvin Craig, Director of Transportation.

**Comments:** The Superintendent said that Randolph County is a large rural county with unique problems. They experience unique problems which are created by their special education students and the sheer distance between students. The loss of state support in the Transportation fund is part of their problem. They have taken all opportunities to appeal for excess funds. They have recently eliminated three routes, but the increased fuel costs and wear and tear to busses negates those savings. They are served by a special education co-op and vocational center in Muncie, which is about 10-12 miles away. They are currently paying another district to transport their students to a career center. Transporting a special education student to and from Liberty-Perry accounts for more than 160 miles per day. They try to compensate this driver for driving extra miles by paying per mile over what others are driving. They are trying to better coordinate services to eliminate trips. Their fuel estimate was made when fuel costs were at their highest over the summer. They recently added a special purpose driver to service Winchester.

Mr. Besinger asked if the enrollment of regular students has decreased by 30 students. The Superintendent said yes, but it is the special education routes that are driving up costs. Mr. Besinger asked if the number of special education students did not increase. The Superintendent said they will add two in the next few weeks, and expect an increase of as many as five in the next year. Some of these students are served at different locations throughout the day to address different needs, and they need to be transported to all of these locations.

Mr. Mills asked about the 50% increase in social security and 50% increase in insurance. The Superintendent said that they used the numbers from the advertised budget and do not represent the actual numbers. Actual numbers will be adjusted accordingly once the budget is approved. They have been in the red for the past three years, but approval of this appeal should get them back into the black and then they will not need to come back in future years.

Mr. Besinger asked if there was no increase in enrollment, then why a 1,000 gallon increase in fuel was needed. The Superintendent said he has no expectation of receiving the \$443,000. He spoke with a DLGF field representative and was advised to go ahead and present the number, although he would be limited to the \$150,000 as advertised.

Mr. Bowen said he feels the last few appeals have come in with the thought that getting the approval would be automatic. The Superintendent said he is being asked to anticipate the budget well before he knows these costs. Officials are trying to get the budget back into the black, but transportation costs for special needs students are killing them. Mr. Bowen said he can relate to the \$20,000 fuel cost increase. He would like to see increased mileage also estimated into a cost amount.

Mr. Besinger said that 15,000 more miles would be 3,000 more gallons of fuel by his estimate, but the school only estimated an additional 1,000 gallons. The Superintendent said they lost \$106,000 in state support, but officials could not cut that much in services. Their only option was to increase taxes to try to cover them, but now they are in a deficit situation.

Dr. Seger said that perhaps the form should be revised to show the calculation on the qualifiers to see how the numbers are derived.

Mr. Nemeth asked if they can come up with dollar amounts due to special education. The Superintendent said the form was filled out based on the budget and what was requested.

**Motion:** Mr. Mills made a motion to resubmit appeal paperwork and it will be reviewed at the meeting scheduled in December. Mr. Besinger seconded the motion, which carried by a vote of 8-0.

**Northern Community Schools, Tipton County:** Officials requested approval of a transportation appeal in the amount of \$75,000. The tax rate impact of the appeal is \$0.0309. The appeal was properly advertised. Officials requested the appeal due to an increase in fuel costs and an increase in the number of special education students transported/miles traveled. A special education bus driver and bus monitors have been added the past four years. The number of bus routes has decreased by one the past several years. The information submitted includes the comment that a special needs student must be transported to the Indiana Deaf School in Indianapolis that has also increased transportation costs.

**Present for the hearing** was Lee Williford, Superintendent and Sue Shockney, Treasurer.

**Comments:** The Superintendent explained that the school district is in the northern part of Tipton County and covers 108 square miles. Every student in the district is eligible for transportation. All of the thirteen drivers are contact except for the special education drivers. They do not use a double route system for drivers. They have a unique situation this year because their special education population is increasing and they will need to renegotiate driver contracts. A reduction of students does not decrease the number of miles traveled. One particular student costs the corporation \$14,000 a year to transport to Indianapolis. Their goal is to get this student to the point where they do not need this service provided by the Indiana School for the Deaf. They transport special education students to seven different locations. Due to this they have added an additional driver and route. The contracted carrier contracts are up this year. They expect the contractors to ask and receive more once the contracts are negotiated. They have tried to be realistic with fuel cost estimates. In order to reduce costs, the Transportation Director serves many roles. Officials feel that they are as lean as they can possibly be. They have increased bus age requirements in the bus contracts from ten to twelve years to ease costs for their contracted drivers.

Mr. Besinger asked about the mileage on the bottom of page one. The Superintendent responded that they added a route. Mr. Besinger asked if this is miles per day. The Superintendent responded yes and they also added an EMT to one of the special education routes because there is a student who may aspirate at any time.

Mr. Nemeth asked if it is safe to say that fuel cost increases and all the special education related expenses exceed \$47,000. The Superintendent responded that they do not know what they are going to have to start paying next year when the driver contracts come back up. They do not have many drivers in the area to make the wages competitive.

Mr. Mills asked how many contract drivers they have and the Superintendent said they have thirteen. He noted all of their 1,000 students qualify for transportation.

Mr. Nemeth noted that it was requested that the DLGF revise the form to allow the five factors to be translated into dollar amounts.

Mr. Bronnert asked if the \$20,000 was due to fuel and additional drivers. The Superintendent said that amount is just for the school corporation routes. The fuel escalator clause in the contract changed from \$5,000 in 2004-05 to \$21,000 in 2005-06.

Mr. Besinger questioned if the extra 100 miles is just for one driver. He noted that he calculated 3,000 miles, but the school only shows 800 gallons of additional fuel. The Superintendent said they use one smaller bus which may have somewhat better mileage.

Mr. Nemeth asked if the \$14,000 is for the Indiana Deaf student. The Superintendent said that is in addition to other amounts. They are paying the Transportation Director and support staff from the general fund.



Mr. Besinger asked how many people the \$11,000 in social security covers. The Superintendent said this would be anticipating putting back the administration, support staff, the EMT, and the two drivers, but they do not pay that for the contracted carriers.

Mr. Bronnert asked how they came up with the costs of \$44,000. The Superintendent said they included \$22,000 for the cost escalator.

Mr. Besinger asked if they should be putting salaries back into the transportation calculation if they are not new. Mr. Nemeth agreed. The Superintendent said they are only saying that to show what they are not paying for in the Transportation fund.

Mr. Mills estimated a cost increase of \$50,000 total including the additional special education miles.

Mr. Besinger noted that this is a permanent appeal.

**Motion:** Mr. Umbaugh made a motion to approve a transportation appeal in the amount of \$75,000 subject to a recalculation and review of the contract. Dr. Seger seconded the motion, which carried by a vote of 5-3. Mr. Nemeth, Mr. Bronnert and Mr. Besinger cast the dissenting vote.

**Eastern Hancock County School Corporation, Hancock County:** Officials requested approval of a transportation appeal in the amount of \$177,144. The tax rate impact of the appeal is \$0.0735. The appeal was properly advertised. Officials requested the appeal due to an increase in fuel costs and the miles traveled to transport special education students. There have been no new positions added and the number of bus routes has remained the same.

**Present for the hearing** was Ellen Welk, Superintendent; Kim Payne, Treasurer and Jerry Moore, Educational Services Company.

**Comment:** The Superintendent explained that they are submitting this transportation appeal for two reasons. The first reason is the cost of fuel. Their fuel costs have doubled since 2001. Second, they have a unique situation with their two special education students. One student needs to be transported to St. Vincent for a day program every day. In the past they have sent students to the blind school and left them there for the week, but due to capacity they now have to pick up and drop off the student every day. Their contract with St. Vincent ends in March. There is no foreseeable end to transporting the blind student. They are a rural district with stable enrollment. Revenue has not covered expenditures for quite some time, and their cash balance has continued to dwindle. They have eliminated one route to save costs. They do not currently have a mechanic, and are looking at contracting out bus repairs.

Mr. Bowen stated that they are eligible for \$49,550 based on the DLGF formula and their paperwork supports that amount.

**Motion:** Mr. Bowen made a motion to approve a transportation appeal in the amount of \$49,550 based on the DLGF transportation formula. Mr. Umbaugh seconded the motion, which carried by a vote of 8-0.

Mr. Mills suggested the DLGF summarize the issue of increased transportation costs of special education students during the next legislative session.

**Taylor Community School Corporation, Howard County:** Officials requested approval for emergency financial relief in the amount of \$1,700,000. The tax rate impact of the appeal is approximately \$0.48 based on the pay 2006 assessed value. The appeal was properly advertised. Officials requested an excessive tax levy for 2007 and not a referendum.

**Present for the hearing** was Ron Mayes, Superintendent; Deborah Barton, Treasurer; Scott Maple, School Board President; Dennis Marler, School Board member and Jim Grossman, Teacher.

**Comments:** The superintendent said they are asking for \$1.7 million as emergency relief for the general fund. It is their understanding that they can only request money one time in four years, so they are requesting the amount they feel that they will need for the next four years. Taylor has a long history of financial struggles due to a relatively weak tax base. Consolidation was being considered in 1961, but did not happen because of the situation in the Taylor Schools district. Recently, in the past eight to ten years, they have had increasing costs in teacher salaries. Teachers are receiving additional money for each additional student they are accepting into their classes. In 1999 the high school moved to a block eight schedule. When the Superintendent came in 2000 he took the position that Taylor could no longer afford the block eight schedule. The State found that the block eight was a permanent part of the contract. The block eight schedule consists of four ninety minute classes a day for two days. This schedule allowed teachers time off during the day for study hall and student assistance. The block eight schedule has been debated for several years and has now been settled, in part due to a change in the teachers' association leadership. They refinanced their last bond issue to generate some money and transferred their cash balance from debt service to cover a shortfall, but they have eventually run out of options. Through contract negotiations the original block eight schedule has been replaced with a modified block schedule. With this schedule every teacher gets one ninety minute prep period every other day. Also, teachers no longer have the right to refuse adding an additional student into their class. However, the teachers are paid for every additional student in their class above a specified number. This allows them to add two to three more students to each class and eliminate a few teachers. They were unable to correct the contract problems prior to the loss of their cash balance. The Superintendent feels that if the contracts had not been settled it would have been more difficult to come before the board. The proposed Highway 31 bypass will go through the Taylor School District. This will cause them to lose some farmland assessed value, but they hope it will raise property values and increase development in the area. They are currently in a situation where although they have made some significant changes the cost savings is not coming quickly enough. They have projected their staff costs and they may not make it through 2007, and certainly will not make it through 2008. They have sent letters asking what happens if they run out of cash, but they have not received an answer and that is a concern. They feel an excess levy is there only option to avoid running out of cash.

Mr. Besinger asked why this was not presented to the taxpayers through a referendum. The Superintendent said that it was debated, but at this point it was too late to get it on the election for this year. He does not think they have any chance of passing it given the economic climate of Kokomo. He guesses that a fourth of the school district is in Kokomo, which had a large tax increase last year, so they would vote no. Mr. Besinger said that he feels the taxpayers' message would be to make cuts and work within their budget if it is voted down. A board member said that if they had received answers to their questions earlier and it had been on the ballot in November and been defeated, they would have had to have waited until next year. Mr. Besinger feels officials need to keep in mind the cost when contracts are negotiated. He could see reviewing this if it had been put before the taxpayers. Mr. Besinger asked if it was the school board who approved the budget. So the problem is the contracts should not have been negotiated. He said that you cannot negotiate things that you cannot afford. The responsibility ultimately comes back to the school board.

The Superintendent said that the contracts were negotiated before he was there. He agrees that they should not have been negotiated. When changes were made they were challenged and they lost on an IEERB appeal.

A board member said that they have reduced programs as much as they could. They have made the most cuts that they can.

Mr. Bowen said that expenses per student have increased 20% over the past three years. He asked how they can say they are saving money. The Superintendent said the cuts were made in the last year and a half, and the savings only took effect this year. They have reduced their teaching staff by 10%, but the major cost savings came through the contract negotiations and they are just now starting to realize those savings.

Mr. Mills asked that they are appealing for \$1.7 million collected in one year to be spread out over four years. The Superintendent said that he understands that is the only option.

Mr. Besinger asked if they need \$425,000 per year. The Superintendent said yes. Mr. Besinger said this would mean only cutting seven to eight employees to balance the budget. The Superintendent said they have been making cuts and they have no extra teachers at this point. Mr. Besinger asked how much do they spend on extra curricular personnel. The Superintendent said he is not sure, but it is probably \$125,000-\$150,000. Those positions are in the contract and the only way around it is to not fill them. Mr. Besinger asked if they still have a resource period. The Superintendent said yes. Mr. Besinger noted that is expensive and they could save with a six period day. The Superintendent said the way it is modified is that the teachers do teach six classes.

Mr. Mills questioned if there is no chance that people will vote on it locally, why should the control board allow it.

Mr. Besinger said he thinks they should allow the voters to decide, and if they vote it down then he would be more willing to allow it.

The Superintendent said that the local environment will not allow a tax increase. He feels it is more of an insult if they come over the taxpayers' heads to the State to get a tax increase if a referendum is defeated.

Ms. Hine said there is no option to be a controlled school but this one. There is no provision for a school not to pay its bills.

A school board member asked what option could they give to taxpayers should a referendum not pass. Mr. Besinger felt officials should not be thinking who is going to bail out the district, but what cuts would have to be made to address the budget shortfall. If you discuss options of cutting athletics and art or other programs will get the attention of taxpayers. The Superintendent said they feel they are settling the problem, but unfortunately they did not do it soon enough.

Mr. Mills said that they do not even have proof that they will not spend the \$1.7 million in the first year.

Ms. Hine asked why they show expenses paid from their Rainy Day fund of \$355,000 per year. She asked them if they are broke how can there be money in their Rainy Day fund. Officials said it is transferred from the Debt Service cash balance. Ms. Hine asked them how they pay for building repairs. They said they pay for them out of the Capital Projects fund.

Mr. Nemeth asked the purpose of the Rainy Day fund. They said it is for this purpose. Mr. Nemeth asked if the amount that they are asking for is net of the money in Rainy Day fund and officials replied yes.

Ms. Hine asked if the money is not there will they need more and officials replied yes. Ms. Hine stated that their initial contact with the Department of Education was a little over a year ago and she asked why they are appearing before the control board so long after. A school board member said they thought it was most important to make the changes with the teacher contracts. The Superintendent said they would have had a more hopeless case without the teacher contracts a year ago. Ms. Hine said that she sees nothing that proves they are saving money due to the contract changes and how do control board members know they will not be back in four years asking for additional relief.

Mr. Mills asked why the health insurance cost is \$15,000. Officials replied it is a flat fee negotiated annually.

Dr. Seger asked if the corporation cost is a flat amount. The Superintendent said yes, it is negotiated annually. They changed companies and changed obligation in the plan to reduce costs.

Mr. Nemeth asked if Taylor has been a controlled school previously. Officials said they tried a referendum about 17 years ago and it failed so they then became a controlled school about 16 years ago. Mr. Nemeth asked if consolidation is possible. The Superintendent said that due to

the limited tax base, none of the area schools are interested. They feel the community and board would be willing to consider consolidation. The bypass may change the area and improve the tax base with development.

The Superintendent submitted a timeline of the steps taken by the school corporation over the years.

Mr. Nemeth asked if full day kindergarten is included in the request. The Superintendent said no. They currently have one small section of full day kindergarten supported by a grant. Mr. Nemeth asked if November of next year is the first time they think they will miss payroll. Officials responded yes, sometime around then. Mr. Nemeth asked if a referendum is still possible this year and what would be the cost of this option. A school board member said a County Clerk said it would be somewhere in the \$30,000 - \$40,000 range. Ms. Hemmerle noted that time constraints would eliminate that possibility.

**Motion:** Mr. Besinger made a motion to deny the request for emergency financial relief. Mr. Mills seconded the motion and stated he felt there was a possibility of negotiating a settlement without this option. He felt legislative assistance might be in order and was not comfortable with allowing a \$0.48 tax rate increase.

Mr. Bronnert noted this is just a recommendation to the Commissioner of the DLGF. It could be approved if they can show this would get them out of trouble.

Mr. Bowen said he wished he had received the document handed out during this meeting sooner. He suggested if they do come back in the future for an emergency relief request, officials should use the most current numbers available. They should show them how they have impacted the budget with reductions.

Ms. Hineline asked if the class size language is still in the contract and the Superintendent said yes. Ms. Hineline asked if teachers receive \$800 for each student over the stated class size and the Superintendent said yes. The Superintendent noted the contract language change has saved them the equivalent of two teaching positions.

The motion was called to a vote and carried by a vote of 7-1. Mr. Bronnert cast the dissenting vote.

The Treasurer asked if the referendum was to be approved by the School Property Tax Control Board and it was confirmed they do. A school board member asked if that could be handled at this meeting. Mr. Besinger made a motion to allow the school corporation to pursue a referendum. Mr. Umbaugh seconded the motion, which carried by a vote of 7-0-1. Mr. Mills abstained from the vote because he did not feel he knew enough about the district.

Mr. Mills asked if the state still had funds for distressed schools. Ms. Hineline said that went away during the O'Bannon administration. Mr. Mills said that may be reviewed the next legislative session.

Mr. Besinger said school boards in general need to be sure they can fund what they promise before approving contracts that have been negotiated.

**Adjournment:** There was no further business to discuss and the meeting was adjourned.